

FISCAL IMPACT STATEMENT ON BILL NO. **S.1082**

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TO:	The Honorable David Thomas, Chairman, Senate Banking and Insurance Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Kenneth Brown		
DATE:	March 6, 2008	SBD:	2008099

AUTHOR:	Senator Thomas	PRIMARY CODE CITE:	38-72-65
SUBJECT:	Long Term Care Insurance Policies		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

The Bill would provide for the rescinding and issuing of long term care insurance, require the licensing and training of a producer of these policies, further defines certain definitions in the Act and provides elements which may be included in the policies and conditions the policy must meet. The Bill also authorizes the Director of Insurance to issue certain regulations if there is a substantial rate increase and establishes minimum standards for producer education, marketing practices, penalties, and reporting practices for long-term care.

EXPLANATION OF IMPACT:

The Department of Insurance indicates that this Bill would increase recurring Other funds expenditures by a total of \$38,870. This figure represents the cost of an Administrative Specialist at \$27,500 (including fringe benefits) responsible for answering calls related to training and preparing notices for all Life, Accident and Health producers. Currently, there are approximately 69,600 insurance producers in the state. Recurring operating expenses total \$11,370. One time costs of \$5,050 would be needed for computer, phone and furnishings. Therefore, first year costs can be estimated at \$43,000 while annual recurring costs thereafter are estimated at \$38,750. The Department other funds revenue would cover these additional expenses.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Harry Bell
Assistant Director, Office of State Budget